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SUBJECT: ARCELORMITTAL PROTESTS MAKE INTERNATIONAL HEADLINES

¶1. A major shareholders' meeting at ArcelorMittal's Luxembourg headquarters was met with significant protests on May 12. The May 13 editions of the International Herald Tribune, Wall Street Journal Europe, and the Financial Times all carried front-page, above-the-fold photos of the protest, considered violent by Luxembourg standards. Press indicates this protest was Luxembourg's most violent since the last ArcelorMittal unrest, in 2003.

¶2. Grand Ducal police estimate 2,000 protesters, mostly Belgian and French steelworkers bussed into the Grand Duchy, spearheaded the protest, which clogged traffic throughout the entire city for hours. Protesters hurled both firecrackers and smoke bombs, as well as cobblestones and iron bars. A small group of protesters attempted to break into the headquarters building. Police spokesman Vic Reuter told the press that the riot police responded by firing tear gas and rubber bullets. Reuter reported one injured journalist and one arrest. While the building sustained considerable damage, the shareholders' meeting and lunch proceeded uninterrupted. The company coordinated closely with the police and, as the protest was announced beforehand, was prepared. Our close contacts confirmed disruption inside the building was minimal.

¶3. COMMENT: ArcelorMittal, the world's largest steel company, is reeling in the economic crisis. The company has announced close to 10,000 layoffs at numerous locations around the world (including over 2,000 in the United States) and cites reduced demand for its product as the key factor. As most of the affected workers are not Luxembourg nationals, it is doubtful the GoL will take much of the heat for ArcelorMittal's personnel and production cuts, even with elections pending in the next month. The steel conglomerate, headed by the world's eighth richest man Lakshmi Mittal, does, however, bring considerable prestige to Luxembourg as a world financial center. The protests are an ugly mark on the Grand Duchy and are not how Luxembourg wishes to be depicted on the front page of major international papers.

WAGNER